Helix Resources Limited

Mining 2001 Address – Wednesday, 29 October 2003
Rob Mosig, Managing Director

Thank you Mr Chairman, Ladies and Gentlemen:

When I last addressed this forum, in November 2001, I spoke of Helix as a 'committed explorer' with a strong exploration track record stretching back to our listing in April 1986 as Australia's first pure PGM explorer.

Over that 17-year period, we have built up an extensive exploration portfolio, focused mostly on PGM's and gold across Australia, and we have maintained a consistent annual exploration spend in the order of $2-3 million.

We are proud of that achievement, particularly as we have combined great projects with a top team and a very tight capital structure.

Part of the reason for our small issued share capital has been the ability to fund exploration at our key projects, through joint ventures and alliances with majors.

However, the picture of Helix that I will be presenting today is somewhat different.

Rather than pursuing exploration as the primary driver of our growth, Helix's aim is to become a mid-tier Australian gold producer within three years, with annual production in excess of 100,000 ounces.

We aim to achieve this through the development of two 100%-owned projects located in Proterozoic geological environments – the Tunkillia Project in the Gawler Craton and the Glenburgh Project, located in Western Australia's Gascoyne region.

Whilst we believe that Tunkillia and Glenburgh will enable us to achieve our mining objective, in the longer-term we plan to pursue gold exploration through joint ventures on the rest of our gold portfolio which is comprised of essentially Archaean-hosted gold projects in WA.

In addition, we plan to target suitable acquisitions and new opportunities in the gold sector to provide future growth.

Helix's decision to change its focus from being primarily an exploration company, to being a gold resource development company has not been taken lightly. The Company is currently in the midst of its transition...a time when both the Company and its investors are impatient to see mining commence.

The move directly reflects the significant changes that have occurred in the exploration industry in Australia over the past 6 or 7 years.

Over the past few months, it has been refreshing to note the resurgence of investor interest back into exploration – driven largely by the nickel sector – however,the fact remains that Australia's, and indeed the world's, exploration sector has been in decline for some time.
In 2000, global non-ferrous exploration expenditure has fallen by 61%, and the trend has been mirrored in Australia, where exploration spending has more than halved over the period.

Greenfields exploration has been most affected, as the Bowler Inquiry Report in Western Australia demonstrated last year. I am sure that is not news to anyone here at this conference.

The shift towards brownfields exploration has also been a direct result of the consolidation and globalisation of the resource industry, where the top 5 producers now control between 40 and 70% of global production of most major mineral commodities.

Greenfields exploration in better-explored regions in Australia is seen as less cost effective and higher risk in the short to medium term, while the focus of globalised companies is on extending the lives of heavily capitalised operations.

As explorers, we concur with the recently expressed views in the many Federal and State Government inquiries into the matter that new technological breakthroughs – and an increased level of research & development – are needed before the next generation of discoveries will be made.

It is almost certainly the case that all the 'easy' discoveries in Australia have been made, and it's back to school for more studies before we might achieve success in new discoveries from within the regolith, that very Australian of layers comprised of thick ferruginous cover and covering the major part of the country.

For that to occur, we certainly believe that incentives need to be introduced to stimulate exploration expenditure in this country. Helix will also have at least one person dedicated to the further research on new Australian exploration methods.

While we are currently seeing a short-term resurgence of investor interest, the fact remains that the lead-time in discovering and developing new deposits is long, and a sustained increase in exploration activity will be needed to make a difference.

The past few slides help me to explain and lead into Helix's future direction – which is very much shaped by the trends of the past decade.

As I mentioned in opening, our focus now is on short-term production and cash flow through 100%-owned gold developments in order to achieve growth.

We also see this as the only realistic way to generate funding for future exploration in our traditional areas of focus – PGM's, gold and base metals.

The focus of our development strategy is an area where Helix played a pioneering role, South Australia's Gawler Craton – where the launch of Dominion Mining's Challenger Project and new discoveries have generated a resurgence of interest.

10 years on from the release of the detailed aeromagnetic surveys that first sparked interest in the area, views of the Gawler Craton's potential are perhaps now more measured and realistic than they were back in the mid-1990s.

The area remains highly prospective and under-explored, largely due to the challenges posed by the thick level of cover.

Here again, good science and technology has played a key role, with the application of calcrete sampling assisting in target definition.

In our experience, a combination of persistence, focus and the application of such technologies is essential to succeed in this tantalising, but challenging, environment.

We have seen another significant upswing in exploration expenditure in the region, as shown here.

Significant new discoveries can play an important role in attracting additional expenditure to the region – as demonstrated by our Tunkillia discovery back in 1996 and, more recently, Minotaur Resources' discovery at Prominent Hill.

Tunkillia was one of the first discoveries in the region, and remains the largest robust gold-in-calcrete anomaly discovered to date in the Gawler Craton.

I will not dwell on history today, but many of you would be aware that, while our focus was on exploration elsewhere, particularly for PGM's, we joint ventured Tunkillia – including the surrounding 2,500 square kilometre Lake Everard tenement package – with Acacia Resources in the late 1990s.

Our partner subsequently became AngloGold following its successful takeover of Acacia, and we remained in joint venture with AngloGold until June this year, when we finalised the acquisition of its 49% interest, taking us to 100% ownership.

This $1.5 million acquisition ($1 million up-front in cash and shares and a deferred payment of $0.5 million) was made following the completion of the strategic review of our corporate direction I referred to in opening.

Simultaneously with the completion of the acquisition we announced plans to commence a drilling program to produce the first JORC standard resource for the project, confirming Tunkillia as the focus of our short-term production strategy.

Our focal point initially has been on Area 223, one of two areas where mineralisation has been identified to date from very limited regional exploration –

Area 223, which was the focus of most historic work at Tunkillia, comprises three mineralised zones.

Previous drilling by ourselves, Acacia and AngloGold has identified a 1.6 kilometre zone, for which a non-JORC global resource of 8.5 million tonnes grading 2.3 g/t for 600,000 contained ounces was produced – and independently verified.

Our focus on this project was justified by internal scoping studies that demonstrated that this resource alone could support a 5-7 year mining operation producing around 70,000 ounces per annum.

What excited us was the upside. In assessing the project, it was clear that there was significant potential to extend this resource by drilling outside the Central Zone.

Immediately after settling the AngloGold acquisition, we commenced a major drilling campaign in July 2003 focusing initially on the poorly drilled southern portion of the Central Zone.

This program has exceeded our expectations and vindicated our decision to pursue the development of this project.

Not only has the Central Zone been extended to the south,- drilling also intersected a high-grade supergene lode,- and while the Southern Zone has been extended to the north, the Northern Zone has been extended in both directions.

This cross-section from the southern portion of the Central Zone gives you a feel for the excellent results we have been achieving. 3 metres at 25g/t and 6 metres at 6.5g/t are some of the best and there is excellent grade continuity.

We expect this year's drilling program to result in a significant increase in the resource base at Tunkillia.

Moreover, the extension of the mineralised zones has indicated clear potential for a multiple-pit style operation.

While our base case scoping was for a 5-7 year operation at approximately 70,000 ounces per annum, our work to date has underlined the exploration upside at Tunkillia.

It is our view that further regional exploration has the potential to increase mine life to the 10-15 year level, at a production level of around 70,000 ounces per annum.

As I said earlier, the regional potential for gold mineralisation is excellent. There are significant ore grade intercepts recorded at a number of prospects outside of Area 223 and Area 191.

It would be our intention to fund a comprehensive regional exploration program targeting these areas from a producing operation based initially on resources at Area 223.

We are aiming to announce the first JORC standard resource for the project together with a Conceptual Scoping Study by the end of this year.

This will lead into a 6-8 month Feasibility Study commencing in the first quarter of 2004.

A decision to mine would be targeted for late 2004, and this would position us to achieve first gold production by mid-2005, establishing the first gold production centre for the Company.

In developing our production strategy, we have reviewed other more advanced gold exploration projects within Helix's portfolio.

The Glenburgh Project in WA's Gascoyne, which we first discovered back in 1994, topped the list.

While the Inferred Resources were relatively modest, our internal reviews highlighted the high-grade core of mineralisation at the Apollo prospect.

With grades of 6-8 g/t, this deposit has the potential with further exploration to develop as a high-grade producer.

Drilling during 2003 confirmed this, returning some stunning intersections with grades of up to 20.5 g/t and highlighted the opportunity for further drilling to increase the Apollo resource.

Exploration and a reassessment of the geology of the area also highlighted some exciting new regional prospects.

Our program at Glenburgh is to undertake further drilling to test the down-plunge continuation of the Apollo resource while also testing the other regional prospects.

Our target is to establish a minimum reserve base of 250,000 ounces as the basis for a standalone gold development.

Helix, is still one of Australia's leading PGM explorers and, while the goal of establishing Australia's first PGM operation is somewhat elusive, our PGM portfolio remains a substantial asset.

Our flagship project, Munni Munni in WA's Pilbara region, has had over $12 million expended on it and comprises a substantial resource containing over 2.1 million ounces of platinum, palladium, rhodium and gold.

It also has significant nickel sulphide potential, which we are currently assessing in light of the current market enthusiasm for nickel projects.

Unfortunately, our planned development of Munni Munni through our joint venture with Lonmin did not proceed because of low palladium prices.

We remain optimistic on increasing prices for the pgm's in the future, and with this in mind we maintain a watching brief on the world platinum and palladium market and potential new joint venture opportunities.

We were also very pleased earlier this year to secure a major 2,000 square kilometre joint venture with the global diamond giant De Beers covering the tenements surrounding the Munni Munni leases.

De Beers have recently commenced a regional sampling program using their proprietary technology and rate this area very highly in their global diamond exploration portfolio.

The balance of our portfolio includes a number of exciting PGM, nickel and gold exploration projects around Australia.

Ladies and Gentlemen, Helix is well placed to move forward with its key growth objectives.

With a tight capital structure, cash and investments totalling $4.4 million and a strong group of major shareholders, we are well placed to implement our development plans at Tunkillia and elsewhere in our gold portfolio.

Our development and production strategy has not yet been reflected in our share price performance over the past six months. We are still in transition to mining status.

We are confident that a re-rating will occur as we continue to achieve the key milestones we have set for ourselves in the months ahead.

Our immediate goals are to complete the resource upgrade and scoping study for Tunkillia, leading into a Feasibility Study next year.

In the medium term, we will advance the Glenburgh Project through further resource definition and development.

Finally, and unashamedly, we plan to return to a strong regional exploration program once our first development at Tunkillia has commenced.

And of course we will maintain a watching brief on acquisition and other opportunities in the gold sector.

Thank you for your attention.